

## **NOTE 17 – LOTTERY PRIZE AWARDS PAYABLE**

The State Lottery Fund makes long-term prize awards for certain games, most notably the lotto games. Liabilities related to these deferred prize awards are recorded at their present value using discount rates ranging from 5.5% to 8.5%. The liquidation of these liabilities is provided for by investment in U.S. Treasury deep discount bonds and in the State's Common Cash pool.

Prize awards payable in future years are as follows (in millions):

Fiscal year ending September 30:

2002 (net of unamortized discount)	\$	148.4
2003		109.8
2004		109.5
2005		103.0
2006		94.2
2007 through 2011		333.8
2012 through 2016		130.2
Later years		49.4
Total		<u>1,078.2</u>
Less unamortized discount on long-term portion		<u>(314.2)</u>
Total at present value	\$	<u>764.0</u>

Public Act 239 of 1972 required that, as nearly as practicable, 45% of gross ticket revenue shall be allocated for prizes awards. Effective December 17, 1998, P.A. 393 of 1998 requires as nearly as practicable until January 1, 2003, that not less than 45% of gross ticket revenue shall be allocated for prize awards. On or after January 1, 2003, 45% of gross ticket revenues shall be allocated for prize awards.

Public Act 95 of 1996 allows the State Lottery to participate in joint enterprises (such as multi-state lotteries) with other sovereignties. Prize awards from joint enterprises shall be the percentage of total annual revenue accrued from that game as prescribed by the joint enterprise participation agreement. More detailed information on the State Lottery Fund is available in the fund's separately issued audited financial statements, which are prepared semiannually.